

## Stark Opening Remarks At Hearing On DMEPOS Competitive Bidding Program

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### STARK OPENING REMARKS AT HEARING ON DMEPOS COMPETITIVE BIDDING PROGRAM

WASHINGTON,  
D.C. — Representative Pete Stark (D-CA), Chairman of the Ways and Means Health Subcommittee, prepared the following opening remarks for today's hearing on Medicare's Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program:

"I'm pleased to be here today for a hearing to review the development and execution of the durable medical equipment competitive bidding program mandated in the Medicare Modernization Act of 2003. This program is to be phased in over time. It has started in 10 of the largest metropolitan areas already, is scheduled to move rapidly into another 70 areas in 2009, and may then be taken nationwide.

"Durable medical equipment expenditures are a very small part of overall Medicare spending -- 2% to be exact. But, I think all of us in Congress are well aware that changes to this benefit will have a significant impact on suppliers and beneficiaries in each of our districts and all over the country. It's also important to note that spending has been growing rapidly in this arena and that provides good cause for a review of how we pay for DME.

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perform oversight.

&ldquo;What have we learned so far from this program? CMS will update us on their thoughts in a few moments, but here are a few points I&rsquo;d make.

&ldquo;The good news from this demonstration is that it is apparent that companies are willing to take Medicare&rsquo;s business for far lower prices than the current fee schedule rates. Overall, the estimate is that Medicare would save 26% over the current fee schedule. That&rsquo;s a significant savings.

&ldquo;The accreditation process is a real improvement. The DME industry as always been a service with excessive fraud and abuse &ndash; mostly because it is not very expensive to set up a line of business and there&rsquo;s been little oversight to assure that the business is legitimate. The accreditation process is a positive step and I laud it.

&ldquo;But, there are many questions about the process used by CMS to implement this first round demonstration. Preliminary numbers presented to Congressional staff at a recent briefing indicate that out of the 1,005 applications to participate, 630 were rejected for lack of proper documentation in their applications. That&rsquo;s more than 60% of the applicants. A refusal rate of that percentage does not show the market working. They weren&rsquo;t excluded because they failed to meet the standards. They were excluded because they didn&rsquo;t understand the rules.

&ldquo;I&rsquo;ll wait for CMS to provide their testimony and we can discuss their thoughts on this first round process, but at a minimum, it seems that there should be strong lessons learned about how to do it better if this process is going to be repeated hundreds of times around the country.

&ldquo;My question is whether there is value added to repeating this process again and again in each and every community? Might Medicare be better served &ndash; and significant administrative costs saved &ndash; by requiring all suppliers to meet the new accreditation standards and then taking what we learned in this first round to change the fee schedule rates by which we pay for DME now? Those improvements can be done once and will immediately be in effect nationwide. That seems far simpler and far less disruptive to both suppliers and beneficiaries than the program which CMS is now phasing in.&rdquo;